

BRIDGIN G 1

CLASS 2

DR. JOHNSON



RECAP FROM LAST CLASS

- Company obsolescence, failure, related to events, occurrences, pressure in external domain
- Can firms take steps to minimize impacts of the external factors, forces?
- Why are some firms able to withstand impacts and others can't?

RECAP CONTINUED

- External factors, forces are currently re-shaping hospitality (disruptors)
- External environmental domain, firm relationship with that domain
 - Internal dynamics to be covered in Bridging 2

CASE – WALT DISNEY COMPANY

- Read the following (link is in the module)
- https://en.wikipedia.org/wiki/The_Walt_Disney_Company
- “Research” the challenges that have faced Disney over the years
 - Share your findings with the class

CHALLENGES – WALT DISNEY COMPANY

- Eisner's unpopularity
- Misogyny
- Racism, ethnic stereotyping
- Botched park introductions
- Subliminal messages
- Acquisitions
- Safety concerns
- Treatment of surrounding neighbourhoods
- Etc.

CAN WE MAKE THE PREVIOUS LIST MORE EXTERNALLY ~~FOCUSSED?~~

- Political
- Economic
- Social
- Technological
- Environmental
- Legal

TAKEAWAYS AND BRIDGES

- Disney has faced its share of challenges over the years...yet, it has managed to grow and survive...
 - How?
- Questions:
 - What is it about Disney that has made it face so many challenges?
 - What is it about Disney that has enabled it to grow, survive despite these challenges?

TODAY

- **Focus:** variations in intensity of relationships between firm and environment
- Resultant variation in the vulnerability a firm will have vis-à-vis its external environment
- And, subsequently, variation in how resilient and responsive firm *needs* to be (in view of its external domain)
- Variations based on:
 - Firm characteristics
 - Characteristics of the relationship between firm and environment
 - Characteristics of the environment

RESILIENCE

- Some firms are affected more deeply if faced with external pressures than others...i.e., they are more *vulnerable*
 - Why?
 - **Why do some firms survive amidst stress and chaos induced by external dynamism and change, while others do not?**
 - Answer: some firms are more ***resilient***
 - Resilience is the ability to insulate from, cope with, adapt to, *even thrive* amidst change, stress, chaos, disorientation

RESPONSIVENE
SS

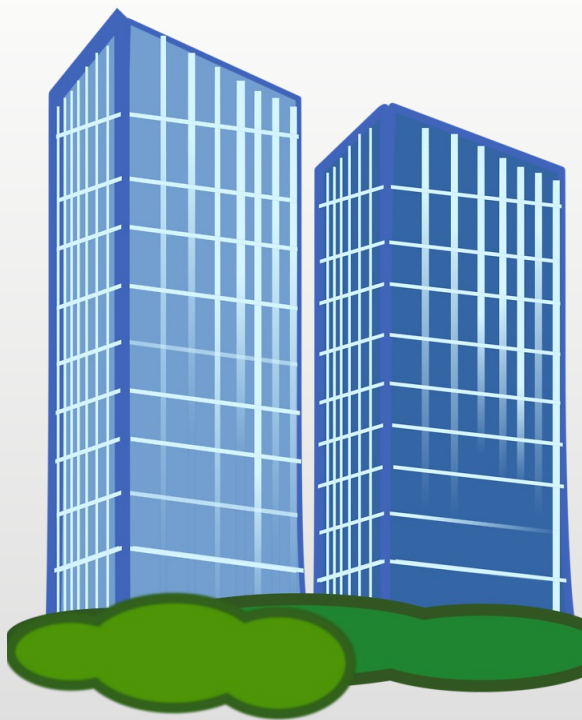


TODAY

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CHARACTERISTICS OF A FIRM

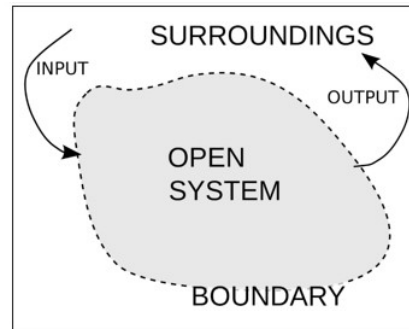
- Firm 'economic-sy' – 'organization' also ok
- What is a firm?
 - A firm or organization is a collection of tasks grouped and aligned to achieve a goal using an approach set by a top manager
- We can articulate a definition, but if we were to draw a picture of a firm:
 - What is part of a firm? Exists within a firm?
 - What are the boundaries of a firm?
 - What is beyond the boundaries of a firm?



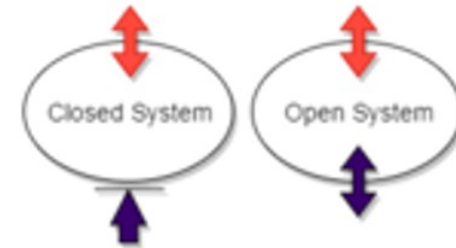
VARIATIONS IN NEED FOR FIRM RESILIENCE AND RESPONSIVENESS

- Variations based on:
 - Firm characteristics
 - Characteristics of the relationship between firm and environment
 - Characteristics of the environment

SYSTEM OPENNES S



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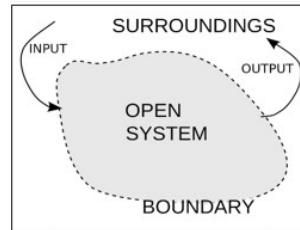
Open

- Interchange with environment

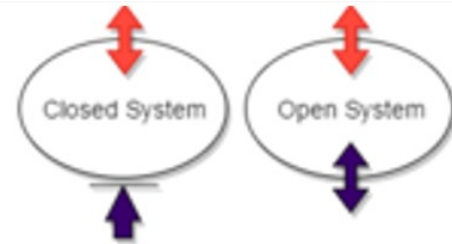
Closed

- Self-reliant
- Self-sustaining

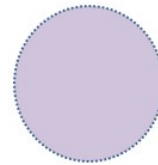
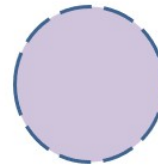
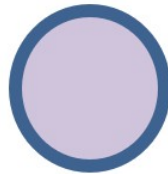
BOUNDARY PERMEABILITY



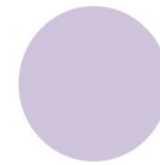
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←————→
Impermeable



Permeable and translucent



SO FAR...

Open Versus Closed Systems

Closed

- Self-reliant
- Self-sustaining

Open

- Interchange with environment

Permeability of boundaries

- Impermeable
- Permeable and translucent

VARIATIONS IN NEED FOR FIRM RESILIENCE AND RESPONSIVENESS

- Variations based on:
 - **Firm characteristics**
 - Characteristics of the relationship between the firm and the environment
 - Characteristics of the environment

FIRM/ ENVIRONMENT RELATIONSHIPS

Stronger versus Weaker Relationships



- | | |
|---------------------------------------|---|
| - Independent (in terms of resources) | - Dependent (to an extreme) in terms of resources |
| - Not vulnerable | - Vulnerable |

VARIATIONS IN NEED FOR FIRM RESILIENCE AND RESPONSIVENESS

- Variations based on:
 - Firm characteristics
 - **Characteristics of the relationship between the firm and the environment**
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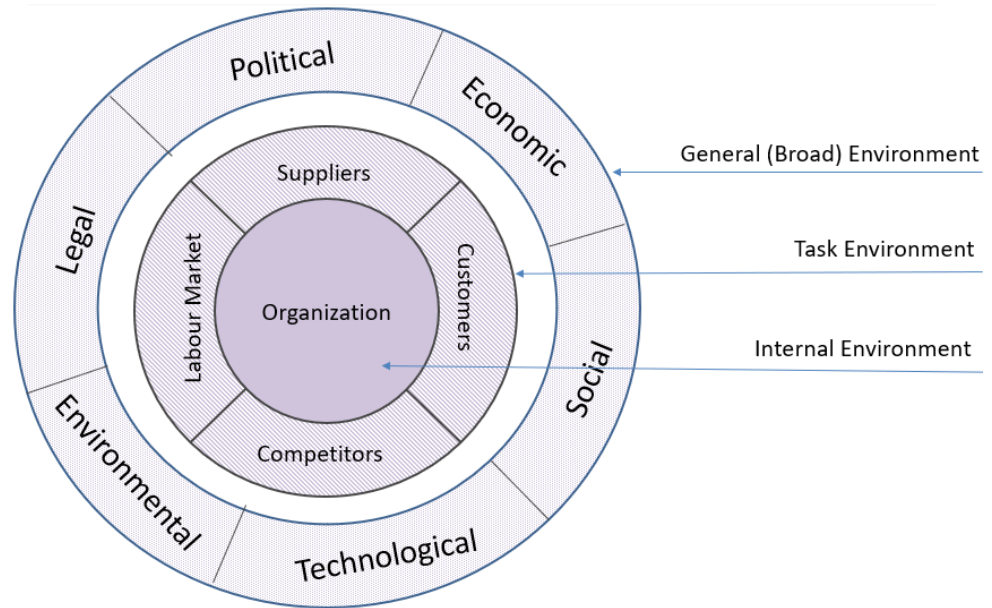
EXTERNAL ENVIRONMENT

- We have been talking about the external environment, external dynamics, external domain...
 - But, what constitutes an external environment?

ELEMENTS OF THE EXTERNAL ENVIRONMENT

- Customers
- Competitors
- Politicians
- Activists
- Bankers
- Environmentalists
- Lawmakers
- Stock market
- Ethical frameworks
- Suppliers
- International parties
- Technologies
- Labour market
- Etc.

MODEL OF FIRM/ENVIRONMEN T





Simple

- Homogenous
- Concentrated

Complex

- Heterogeneous
- Dispersed

SIMPLICITY / COMPLEXITY





STABLE / UNSTABLE

PUTTING IT ALL TOGETHER



Open Versus Closed Systems

Closed Open

Permeability of Boundaries

Impermeable Permeable

Strength of Firm/Environment Relationship

Independent Dependent

Invulnerable Vulnerable

Nature of Environment

Simplicity Complexity

Stability Instability

KEY TAKEAWAYS

- Resilience is necessary for firms to grow and survive amidst adversity, dynamism, change
- Yet not all organizations have an equal need for resilience
- Need for resilience varies based on:
 - Nature of the firm – open/closed, permeable/ impermeable boundaries
 - Firm/environment relationships – dependence, vulnerability
 - Nature of external environment – simplicity/complexity, concentrated/ dispersed

NEXT WEEK (CLASS 3)

- Not all firms need to be equally resilient

BUT

- There has been an overall movement toward all firms needing to be more resilient than in the past
 - Even those that did not have to be resilient in the past



QUESTIONS?